

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2011**

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TOWNSHIP OF BANGOR

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INDEPENDENT AUDITOR'S REPORT

August 18, 2011

To the Township Board
Township of Bangor
VanBuren County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Bangor, VanBuren County, Michigan as of and for the year ended March 31, 2011, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bangor Township, VanBuren County, Michigan management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Bangor as of March 31, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 3 and 19 through 21 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Bangor's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, as presented by the index, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

Angle & Steffes, P.C.
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets for the year ending March 31, 2011 totaled one million, one hundred seventy thousand dollars. The tax base of the township decreased in 2010 due to economic conditions and made a slight comeback in 2011. Statutory Revenue Sharing has been removed due to decisions made at the State level.

In spite of the challenges, the Board of Trustees continue to ensure the public receives the highest level of services possible with the funds available. The fact that the Board is very selective and frugal helps promote the health of the Fund Balance.

The Board of Trustees keep a restrained approach to low priority capital asset expenditures and given the level of unrestricted reserve fund assets (\$696.9 thousand), the Township's net assets remain healthy.

Government Wide Statements

	<u>March 31, 2011</u>	<u>non-audit</u> <u>March 31, 2010</u>	<u>March 31, 2009</u>
<u>Assets</u>			
Cash & Cash equivalents	\$ 904,240	\$ 700,613	\$ 693,694
Receivables	365,594	204,456	268,204
Prepaid assets	4,986	4,986	4,986
Capital Assets	<u>176,337</u>	<u>184,929</u>	<u>192,848</u>
Total Assets	\$ 1,451,157	\$ 1,094,984	\$ 1,159,732
<u>Liabilities</u>			
Current Liabilities	<u>\$ 280,851</u>	<u>\$ 159,014</u>	<u>\$ 205,392</u>
<u>Net Assets</u>			
Invested in Property & Equipment	\$ 176,337	\$ 184,929	\$ 192,848
Restricted for Cemetery	4,668	4,024	2,814
Restricted for Streets and Highways	284,157	123,584	197,929
Restricted for Public Safety	8,275	5,378	0
Unrestricted	<u>696,869</u>	<u>618,055</u>	<u>560,749</u>
Total Net Assets	\$ 1,170,306	\$ 935,970	\$ 954,340
<u>Revenues</u>			
Property taxes	\$ 487,277	\$ 265,638	\$ 449,558
State shared revenues	148,590	148,174	168,732
Charges for services	18,215	14,921	17,336
Investment income	5,667	3,389	10,596
Other revenues	<u>9,865</u>	<u>8,041</u>	<u>8,708</u>
Total Revenues	\$ 669,614	\$ 440,163	\$ 654,930
<u>Function expenses</u>			
General government	\$ 120,435	\$ 121,419	\$ 115,223
Public safety	166,408	163,304	167,217
Public works	102,630	131,565	314,459
Health & welfare	33,670	36,616	34,416
Recreation & culture	3,000	3,000	1,000
Comm/Econ development	<u>9,134</u>	<u>2,631</u>	<u>861</u>
Total Primary Government expenses	\$ 435,277	\$ 458,535	\$ 633,176

Governmental Activities

The Township's total net assets increased by approximately \$234 thousand over the previous year. This was primarily due to the reinstatement of our road millage in the fall of 2010.

Overall, expenses continue to increase, although we managed to decrease our transfer station expense with research and vigilant oversight. The total expenses of the Township remained below revenues.

The Township's Funds

This report includes an analysis of the Township's major funds. The fund financial statements provide detailed information about the significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2010 - 2011 include the General Fund, Road Fund, and Fire Fund.

The General Fund represents the Township's unrestricted fund and is used to provide most of the Township's services and provides for the Township's day to day operations.

The Road Fund is a restricted fund which tracks revenues obtained from taxes collected from road millage. These funds may only be used for the maintenance and improvement of roads within the Township.

The Fire Fund is a restricted fund which tracks revenues obtained from taxes collected from fire millage. These funds may only be used to provide fire protection and ambulance services within the township.

General Fund Budgetary Highlights

Although over the course of the year, the Township Board amended the budget to take into account events during the year, there were no significant variances from the original and most categories came in under budget.

Capital Asset and Debt Administration

At the end of the 2010-2011 fiscal year, the Township had \$176 thousand in a wide range of capital assets including buildings, office equipment, and furnishings. The Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because Michigan law which makes these roads the property of the Van Buren County Road Commission.

Also it should be noted that the Township as an entity in the ABB Fire Department and also in accordance with the ABB Fire Department agreement holds a share of the assets of the ABB Fire Department should the Department be dissolved. As long as this Township remains an entity of the ABB Fire Department then all assets remain ABB's and are reported on their audit.

The Township has no long term debt liabilities.

Economic Factors and Next Year's Budget and Rates

The 2011 - 2012 budget calls for tax rates to be levied at the maximum after Headlee rollbacks. The Board of Trustees also committed through the budget to a millage rate of 2.6 for fire and ambulance and fund the remaining obligation for fire protection service from the General Fund.

With a healthy reserve fund balance and watchful eye on the budget the Township should fare well and still provide necessary services.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Clerk's office.

TOWNSHIP OF BANGOR
GOVERNMENT WIDE STATEMENT OF NET ASSETS
MARCH 31, 2011

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	\$ 904,240	\$ 904,240
Investments	0	0
Receivables - net	365,594	365,594
Prepays	4,986	4,986
Capital assets - net	176,337	176,337
 Total Assets	 1,451,157	 1,451,157
LIABILITIES		
Accounts payable	26,609	26,609
Accrued and other liabilities	254,242	254,242
Noncurrent Liabilities		
Due within one year	0	0
Due in more than one year	0	0
 Total Liabilities	 280,851	 280,851
NET ASSETS		
Invested in Capital Assets		
Net of related debt	176,337	176,337
Restricted For		
Cemetery care	4,668	4,668
Streets and highways	284,157	284,157
Public safety	8,275	8,275
Unrestricted	696,869	696,869
 Total Net Assets	 <u>\$ 1,170,306</u>	 <u>\$ 1,170,306</u>

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BANGOR
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2011

					Net (Expense) Revenue and Changes in Net Assets		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
General government	\$ 120,435	\$ 4,324	\$ 0	\$ 0	\$ (116,111)	\$ 0	\$ (116,111)
Public safety	166,408	13,891	0	0	(152,517)	0	(152,517)
Public works	102,630	0	0	0	(102,630)	0	(102,630)
Health and welfare	33,670	0	0	0	(33,670)	0	(33,670)
Recreation and culture	3,000	0	0	0	(3,000)	0	(3,000)
Community/Economic development	9,134	0	0	0	(9,134)	0	(9,134)
Total Governmental Activities	435,277	18,215	0	0	(417,062)	0	(417,062)
Total Primary Government	<u>\$ 435,277</u>	<u>\$ 18,215</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(417,062)</u>	<u>0</u>	<u>(417,062)</u>
General Revenues							
Property taxes					487,277	0	487,277
State revenues					148,590	0	148,590
Unrestricted investment earnings					5,667	0	5,667
Rents					8,417	0	8,417
Miscellaneous					1,448	0	1,448
Transfers					0	0	0
Total General Revenues-Special Items and Transfers					651,398	0	651,398
Change in Net Assets					234,336	0	234,336
Net Assets-Beginning					935,970	0	935,970
Net Assets-Ending					<u>\$ 1,170,306</u>	<u>\$ 0</u>	<u>\$ 1,170,306</u>

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BANGOR
GOVERNMENTAL FUND BALANCE SHEET
March 31, 2011

	General Fund	Road Fund	Fire Fund	Non-Major Governmental Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 899,572	\$ 0	\$ 0	\$ 4,668	\$ 904,240
Investments	0	0	0	0	0
Receivables - net	42,062	35,293	24,288	5,217	106,860
Due from other funds	4,491	248,864	5,379	0	258,734
Prepays	4,986	0	0	0	4,986
Total Assets	951,111	284,157	29,667	9,885	1,274,820
LIABILITIES					
Accounts payable	0	0	21,392	5,217	26,609
Due to other funds	254,242	0	0	0	254,242
Total Liabilities	254,242	0	21,392	5,217	280,851
FUND BALANCES					
Reserved for					
Cemetery care	0	0	0	4,668	4,668
Road projects	0	284,157	0	0	284,157
Public safety	0	0	8,275	0	8,275
Unreserved	696,869	0	0	0	696,869
Total Fund Balances	<u>\$ 696,869</u>	<u>\$ 284,157</u>	<u>\$ 8,275</u>	<u>\$ 4,668</u>	993,969

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	<u>176,337</u>
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Net Assets of Governmental Activities	<u>\$ 1,170,306</u>
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The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BANGOR
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
March 31, 2011

	General Fund	Road Fund	Fire Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Taxes and penalties	\$ 82,212	\$ 223,728	\$ 148,390	\$ 32,947	\$ 487,277
Licenses and permits	3,917	0	0	9,974	13,891
State aid	144,938	3,652	0	0	148,590
Charges for services	1,811	0	0	2,513	4,324
Interest and rentals	14,058	0	0	26	14,084
Other revenue	1,448	0	0	0	1,448
Total Revenues	248,384	227,380	148,390	45,460	669,614
Expenditures					
Current					
General government	105,869	0	0	5,975	111,844
Public safety	0	0	145,493	20,915	166,408
Public works	35,823	66,807	0	0	102,630
Health and welfare	0	0	0	33,670	33,670
Recreation and cultural	3,000	0	0	0	3,000
Community/Economic development	9,134	0	0	0	9,134
Capital outlay	0	0	0	0	0
Total Expenditures	153,826	66,807	145,493	60,560	426,686
Excess of Revenues Over (Under) Expenditures	94,558	160,573	2,897	(15,100)	242,929
Other Financing Sources (Uses)					
Transfers in	0	0	0	15,744	15,744
Transfers (out)	(15,744)	0	0	0	(15,744)
Total Other Financing Sources (Uses)	(15,744)	0	0	15,744	0
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	78,814	160,573	2,897	644	242,928
Fund Balance-April 1, 2010	618,055	123,584	5,378	4,024	751,041
Fund Balance-March 31, 2011	<u>\$ 696,869</u>	<u>\$ 284,157</u>	<u>\$ 8,275</u>	<u>\$ 4,668</u>	<u>\$ 993,969</u>

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BANGOR
FIDUCIARY FUNDS-STATEMENT OF NET ASSETS
MARCH 31, 2011

	Agency Fund (Property Tax Collection Fund)
ASSETS	
Cash and cash equivalents	\$ 13,770
Total Assets	<u>\$ 13,770</u>
LIABILITIES	
Accounts payable	\$ 0
Due to taxpayers	0
Due to other governmental units	9,279
Due to other funds	<u>4,491</u>
Total Liabilities	<u>\$ 13,770</u>

The Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Bangor, VanBuren County, Michigan is a general law Township. The Township operates under an elected Board/Supervisor form of government and provides the following services as authorized by its charter: public safety, highways and street, public improvements, cultural recreation, planning and zoning, and administrative services.

The accounting policies of the Township of Bangor conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. The Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:
The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road Fund and Fire Fund are Special Revenue Funds of the Township. The Road Fund and Fire Fund are used to account for the proceeds of specific revenue tax millages that are legally restricted to expenditures for specified purposes.

Additionally, the government reports the following non-major fund types:
The Building Inspection Fund is a Special Revenue Fund of the Township. The Building Inspection Fund is used to account for all resources of the Township's permits and licenses.

The Hospital and Senior Services Funds are Special Revenue Funds of the Township. These funds are used to account for the proceeds of specific tax millages that are used to support public health and welfare services.

The Permanent Cemetery Care fund accounts for principal of a savings bond, whose interest earnings are allowed to maintain and care for general gravesites.

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule would be charges between the government's enterprise funds and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Township of Bangor does not have enterprise funds.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Finally, the government reports the following fund types:

The Tax Collection Fund is a Fiduciary Fund accountable for assets held by the Township in a trustee or agency capacity for individuals, private organizations, other governments, and/or other funds.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments-Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July for State Education Tax, and on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent in the following September and March of the respective period, at which time penalties and interest are assessed.

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Inventories and Prepaid Items-Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	30 to 40 years
Building Improvements	15 to 30 years
Roads	10 to 30 years
Fire Equipment	07 to 25 years
Vehicles	03 to 05 years
Office Equipment	05 to 07 years
Computer Equipment	03 to 07 years

Compensated Absences (Vacation and Sick Leave)-It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

Fund Equity-In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011**

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide financial statements differ from the Governmental fund financial statements only for the effect of the inclusion of capital assets.

Capitalized Asset Costs	\$ 298,291
Less Accumulated Depreciation	(121,954)
Capital Assets, net	176,337
Governmental Fund Balances	<u>993,969</u>
Net Assets of Governmental Activities	<u>\$1,170,306</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information-The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year. These budgets are adopted on a basis consistent with generally accepted accounting principles.
2. The Township Board approves, by ordinance, total budget appropriations only. Any revisions that alter the total appropriations of any fund must be approved by the Township Board, therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Public Safety, etc.).
3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Excess of Expenditures Over Appropriations in Budgeted Funds-During the year, the Local Governmental Unit did not incur expenditures in budgeted funds which were in excess of the amounts appropriated.

Fund Deficits-The Local Governmental Unit has no accumulated fund balance deficits at this time.

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011**

NOTE 4 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government of federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated several banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Total Government</u>
Cash and Cash Equivalents	\$ 904,240	\$ 904,240

The breakdown between deposits and investments is as follows:

	<u>Total Government</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 904,240
Investments in Securities, Mutual Funds and Similar Vehicles	-
Petty Cash and Cash on Hand	-
Total	<u>\$ 904,240</u>

The bank balance of the primary government's deposits is \$904,240, of which \$739,322 is covered by federal depository insurance.

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011**

NOTE 5 - RECEIVABLES

Receivables as of year-end for the government's individual major, nonmajor funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are reported in the Government Wide Statement of Net Assets as follows:

	<u>Major Funds</u>			<u>Non-Major and Other Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>Road Fund</u>	<u>Fire Fund</u>		
Taxes receivable	\$ 19,948	\$ 35,293	\$ 24,288	\$ 5,217	\$ 84,746
State share revenues receivable	22,114	0	0	0	22,114
Due from other funds	4,491	248,864	5,379	0	258,734
Less: allowance for uncollectibles	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Receivables	<u>\$ 46,553</u>	<u>\$ 284,157</u>	<u>29,667</u>	<u>\$ 5,217</u>	<u>\$ 365,594</u>

* 2010 Winter tax receivable balances are received from the VanBuren County revolving tax collection fund within 60 days of the fiscal year end.

* State revenue share receivable reflects the constitutional and statutory sales tax for March and April 2011. Provision is according to State guidelines, allowing six revenue payments in the fiscal period.

* Due from other funds is the balance of tax collection activity held in the General Fund cash accounts to be utilized by the special revenue funds in the coming fiscal year.

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011**

NOTE 6 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 10,500	\$ 0	\$ 0	\$ 10,500
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>10,500</u>	<u>0</u>	<u>0</u>	<u>10,500</u>
Capital Assets Being Depreciated				
Buildings	226,980	0	0	226,980
Improvements other than buildings	41,414	0	0	41,414
Machinery and equipment	19,397	0	0	19,397
Infrastructure	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>287,791</u>	<u>0</u>	<u>0</u>	<u>287,791</u>
Less Accumulated Depreciation for				
Buildings	81,446	5,745	0	87,191
Improvements other than buildings	14,889	2,205	0	17,094
Machinery and equipment	<u>17,028</u>	<u>641</u>	<u>0</u>	<u>17,669</u>
Subtotal	<u>113,363</u>	<u>8,591</u>	<u>0</u>	<u>121,954</u>
Net Capital Assets Being Depreciated	<u>174,428</u>	<u>(8,591)</u>	<u>0</u>	<u>165,837</u>
Governmental Activities Capital Total				
Capital Assets-Net of Depreciation	<u>\$ 184,928</u>	<u>\$ (8,591)</u>	<u>\$ 0</u>	<u>\$ 176,337</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General government	<u>\$ 8,591</u>
Total Governmental Activities	<u>\$ 8,591</u>

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011**

NOTE 7 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund balances is as follows:

Due To/From Other Funds			
<u>Receivable Fund</u>		<u>Payable Fund</u>	<u>Amount</u>
General	\$ 4,491	Tax Collection	\$ 4,491
Road Special Millage	248,864	General	248,864
Fire Special Millage	5,379	General	5,379
Totals	<u>\$ 258,734</u>		<u>\$ 258,734</u>

Receivable account balances: tax collection balances are due to the General Fund and Special Revenue Funds for the final settlement of general tax activity. Current year special voter tax collections are retained in the General Fund checking and savings accounts. These monies are due to funds for planned projects in the coming fiscal year.

Interfund Transfers

<u>Transfers In</u>	<u>Transfers (Out)</u>		
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Non-Major Governmental Funds	<u>15,744</u>	<u>0</u>	<u>15,744</u>
Total	<u>\$ 15,744</u>	<u>\$ 0</u>	<u>\$ 15,744</u>

Current year projects are funded in part by contributions from the General Fund. The transfers out represent the contributions made to continue services as needed to supplement building inspection, hospital and cemetery services.

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011**

NOTE 8 - A.B.B. JOINT FIRE DISTRICT

The Township is a member of the A.B.B. Joint Fire District. The participants of the Joint Fire District includes the City of Bangor, and Townships of Bangor and Arlington. The community fire district provides fire protection services to the residents of the respective municipalities. Operating charges are assessed to the participants in a ratio proportionate to their state equalized values of the real property. The Township appoints one member to the joint venture's governing board, and also approves the annual budget.

The Township's share of the 2010 A.B.B. fire contract was \$145,493, paid to the A.B.B. Joint Fire District as it is collected from the special revenue tax millage.

NOTE 9 - AMBULANCE AGREEMENT

The Coloma Emergency Ambulance Service Inc. and Bangor Township have been parties to a five year agreement since 1999. The renewed five year contract, at the same terms as the prior contract; reflect that the Coloma Ambulance Service will pay \$500 rental per month for use of the Township's ambulance building. In exchange, the Township shall receive ambulance service in the Township. A total of \$6,000 rental income was collected during the fiscal year 2010-2011.

REQUIRED SUPPLEMENTAL INFORMATION

TOWNSHIP OF BANGOR
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2011

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance	\$ 618,057	\$ 618,057	\$ 618,057	\$ 0
Resources (Inflows)				
Property taxes	76,500	76,500	82,212	5,712
State aid	136,000	136,000	144,938	8,938
Licenses and permits	3,000	3,000	3,917	917
Charges for services	3,000	3,000	1,811	(1,189)
Interest and rentals	11,500	11,500	14,058	2,558
Miscellaneous revenues	500	500	1,448	949
Transfers from other funds	0	0	0	0
Amounts Available for Appropriation	848,557	848,557	866,442	17,885
Charges to Appropriations (Outflows)				
General Government				
Township board	22,460	22,460	16,741	5,719
Supervisor	12,550	12,610	11,843	767
Finance	7,810	7,810	5,658	2,152
Treasurer	19,475	19,475	17,060	2,415
Assessing	20,930	20,930	18,386	2,544
Clerk	13,840	13,915	13,432	483
Elections	4,800	4,800	3,684	1,117
Other General Government				
Building and grounds	25,000	25,000	16,157	8,843
Attorney	10,000	10,000	2,907	7,093
Cemetery	0	0	0	0
Public Safety				
Fire	0	0	0	0
Building inspections	0	0	0	0
Public Works				
Roads	5,000	5,000	4,446	554
Transfer station	50,250	50,250	31,378	18,872
Recreation and culture	5,100	5,100	3,000	2,100
Health and welfare	165	165	0	165
Community/Economic development	12,900	12,900	9,134	3,766
Capital outlay	2,850	2,790	0	2,790
Transfers to other funds	27,981	27,981	15,745	12,236
Total Charges to Appropriations	241,111	241,186	169,573	71,613
Budgetary Fund Balance-March 31	<u>\$ 607,446</u>	<u>\$ 607,370</u>	<u>\$ 696,869</u>	<u>\$ 89,498</u>

**TOWNSHIP OF BANGOR
BUDGETARY COMPARISON SCHEDULE
MAJOR ROAD FUND
YEAR ENDED MARCH 31, 2011**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Beginning of Year Fund Balance	\$ 123,583	\$ 123,583	\$ 123,583	\$ 0
Resources (Inflows)				
Property taxes	0	0	223,728	\$ 223,728
State aid	4,500	4,500	3,652	\$ (848)
Transfers from other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$ 0</u>
Amounts Available for Appropriation	<u>128,083</u>	<u>128,083</u>	<u>350,963</u>	<u>222,880</u>
Charges to Appropriation (Outflows)				
Public Works				
Roads	<u>80,000</u>	<u>80,000</u>	<u>66,807</u>	<u>13,193</u>
Total Charges to Appropriations	<u>80,000</u>	<u>80,000</u>	<u>66,807</u>	<u>13,193</u>
Budgetary Fund Balance-March 31	<u>\$ 48,083</u>	<u>\$ 48,083</u>	<u>\$ 284,157</u>	<u>\$ 236,073</u>

**TOWNSHIP OF BANGOR
BUDGETARY COMPARISON SCHEDULE
MAJOR FIRE FUND
YEAR ENDED MARCH 31, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Beginning of Year Fund Balance	\$ 5,378	\$ 5,378	\$ 5,378	\$ 0
Resources (Inflows)				
Taxes and penalties	146,474	146,474	148,390	1,916
Transfers from other funds	<u>6,021</u>	<u>6,021</u>	<u>0</u>	<u>(6,021)</u>
Amounts Available for Appropriation	<u>157,873</u>	<u>157,873</u>	<u>153,768</u>	<u>(4,105)</u>
Charges to Appropriations (Outflows)				
Public Safety				
Fire	<u>152,495</u>	<u>152,495</u>	<u>145,493</u>	<u>7,002</u>
Total Charges to Appropriations	<u>152,495</u>	<u>152,495</u>	<u>145,493</u>	<u>7,002</u>
Budgetary Fund Balance-March 31	<u>\$ 5,378</u>	<u>\$ 5,378</u>	<u>\$ 8,275</u>	<u>\$ 2,897</u>

ADDITIONAL INFORMATION

**TOWNSHIP OF BANGOR
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2011**

	Permanent Cemetery Fund	Special Revenue Funds			Total Non-Major Governmental Funds
		Hospital	Building Inspection	Senior Services	
Assets					
Cash and cash equivalents	\$ 4,668	\$ 0	\$ 0	\$ 0	\$ 4,668
Investments	0	0	0	0	0
Receivables - net	0	3,004	0	2,213	5,217
Due from other funds	0	0	0	0	0
Total Assets	<u>\$ 4,668</u>	<u>\$ 3,004</u>	<u>\$ 0</u>	<u>\$ 2,213</u>	<u>\$ 9,885</u>
Liabilities and Fund Equity					
Liabilities					
Accounts payable	\$ 0	\$ 3,004	\$ 0	\$ 2,213	\$ 5,217
Due to other funds	0	0	0	0	0
Total Liabilities	0	3,004	0	2,213	5,217
Fund Balance					
Reserved	4,668	0	0	0	4,668
Unreserved	0	0	0	0	0
Total Fund Equity	<u>4,668</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,668</u>
Total Liabilities and Fund Equity	<u>\$ 4,668</u>	<u>\$ 3,004</u>	<u>\$ 0</u>	<u>\$ 2,213</u>	<u>\$ 9,885</u>

TOWNSHIP OF BANGOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2011

	Special Revenue Funds			Cemetery Funds	Total Non-Major Governmental Funds
	Hospital	Building Inspection	Senior Services		
Revenues					
Taxes and penalties	\$ 18,970	\$ 0	\$ 13,977	\$ 0	\$ 32,947
Charges for services	0	9,974	0	2,513	12,487
Interest income	0	0	0	26	26
Total Revenues	18,970	9,974	13,977	2,539	45,460
Expenditures					
Current					
General government	0	0	0	5,975	5,975
Public safety	0	20,915	0	0	20,915
Health and welfare	19,693	0	13,977	0	33,670
Capital outlay	0	0	0	0	0
Total Expenditures	19,693	20,915	13,977	5,975	60,560
Excess of Revenues Over (Under) Expenditur	(723)	(10,941)	0	(3,436)	(15,100)
Other Financing Sources (Uses)					
Operating transfers in	723	10,941	0	4,080	15,744
Operating transfers (out)	0	0	0	0	0
Total Other Financing Sources (Uses)	723	10,941	0	4,080	15,744
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	0	0	0	644	644
Fund Balance-April 1, 2010	0	0	0	4,024	4,024
Fund Balance-March 31, 2011	\$ 0	\$ 0	\$ 0	\$ 4,668	\$ 4,668

Angle & Steffes, PC
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August 18, 2011

To the Township Board Members
Bangor Township
Van Buren County, MI

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 2, 2011, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Qualitative Aspects of Accounting Principles

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bangor Township are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended March 31, 2011. We noted no transactions entered into by Bangor Township that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements.

Disagreements with Management

For purposes of this letter, professional standards define disagreements with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management's representation letter dated August 18, 2011.

Other Audit Findings or Issues

We have audited the financial statements of Bangor Township for the year ended March 31, 2011, and have issued our report thereon dated August 18, 2011. Professional standards require that we provide you with the following information related to our audit.

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bangor Township as of and for the year ended March 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered Bangor Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bangor Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Bangor Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we considered to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in Bangor Township's internal control to be a significant deficiency:

Financial Statement Preparation Controls - In conjunction with our audit, we have been contracted to

prepare financial statements and related disclosures based upon the information provided to us by Management. We would like to stress that this service is allowable under AICPA ethics guidelines and may be the most efficient and effective method for preparation of the Bangor Township's financial statements. However, if at any point in the audit, we as auditors are part of the Bangor Township's control system for producing reliable financial statements, auditing standards indicate that Bangor Township has a control deficiency. If management is not able to prepare financial statements, including disclosures, and auditors are contracted to prepare these statements, this is considered a control deficiency. We recommend that Management and those charged with governance evaluate and document their decision on the costs and benefits of whether to contract for this service with our firm.

Please call us if you have any questions regarding our comments above. We appreciate the opportunity to provide audit services to Bangor Township and are confident that we can continue serving your audit needs in the future.

This information is intended solely for the use of the Board of Directors and management of Bangor Township and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Angle & Steffes, PC